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Data Center
Missouri Public
Service Commission

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January 24, 2008

Secretary of the Commission
Missouri Public Service Commission
Attn: Data Center
P. O. Box 360
Jefferson City, MO 65102

RE: Request for Increase in Annual Water System Operating Revenues
MO PSC Water Utility Small Company Rate Increase Procedure

Dear Secretary:

Tri-States Utility Inc. (the Company) holds a certificate of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water supply and distribution services in Taney County, Missouri. The Commission first authorized the Company to provide regulated water utility service in November of 1966 to Tri-States Utility and Engineering Co. The company then changed its name to Tri-States Utility Co. Inc. The PSC approved certification to this company on March 1, 1980. The Company currently provides service to approximately 3,443 water customers within its certificated service area under the provisions of its Commission-approved tariffs. The Company's customer rates for water service were last changed in September of 1992.

Pursuant to 4 CSR 240-3.635, the Commission's rule pertaining to rate increase requests made by small water utilities, the Company is hereby requesting an increase of \$1,450,000 in its annual water system operating revenues. Based upon current customer rates and customer numbers, this increase represents a change of approximately 140% in the Company's annual water system operating revenues. The Company understands that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions will also be reviewed during the Commission Staff's review of the rate increase request, and may thus be the subject of Staff recommendations at the conclusion of the rate increase process.

The specific reasons for the requested increase in the Company's annual operating revenues include: new RFD meters have been installed and have been placed in operation during 2007; increases in cost of power for pumping; increases in the commission's annual utility assessments; increases in the number and type of customers served; increases in maintenance repairs and replacements; increases in material costs of meters and pipes; replacement of pumping equipment; additional cost of adding storage reservoirs, well drilling, well house, and site preparation and acquisition; increase in labor and related costs of labor.

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Lastly, I wish to advise you that the Company is current on the payment of its Commission annual assessments (all past assessments have been paid in full and the current assessment is being paid quarterly) and the filing of its Commission annual reports. Additionally, the Company will remain current on these items during this small company rate increase procedure.

Thank you for your attention to this important matter. Please contact me at your convenience if you need additional information regarding this request.

Sincerely,



Terry L. McCullough, CPA

Copies: Mr. Jim Russo – Commission Staff
Mr. Lewis Mills – Office of the Public Counsel
Mr. Larry W. Dority – Fischer & Dority
Mr. Harold Epps – President of Tri-States Utility Inc.